

CURRENT USE

ROLLBACKS

Class 3 property that has been assessed at a current use value in lieu of fair and reasonable market may be subject to the rollback provisions of Title 40-7-25.3 of the 1975 Code of Alabama if either one of two conditions are met.

1. If the sale or other disposition of property valued at its current use value is followed by a conversion of the property to a use not qualified for current use valuation within two years of the date of sale or other disposition then the rollback provision will apply.
2. If taxable property valued at its current use value is converted to a use not qualified for current use valuation then the rollback provision will apply.

Once a determination has been made that the rollback provision applies to the property, the assessing official must calculate the amount of taxes that would have been payable on the converted property if the sales price or the fair and reasonable market value, whichever is greater, had been used instead of the current use value. The calculation of additional taxes is for the 3 years preceding the tax year beginning on the October 1 following the conversion of the property. The amount shall be additional taxes to be collected on first assessments prepared after the conversion of the property.

There are many other factors that influence the actual rollback. The county assessing official often refers to the numerous attorney general's opinions that have been written on the subject as well as carefully reading the applicable sections of the Code of Alabama and related court cases.

Title 40-7-25.3 states that the rollback will be for a three year period prior to the October 1 following the conversions. If the property subject to conversion from current use were subject to current use valuation for less than 3 years then the rollback would cover only the actual number of years less than 3 years that the property was subject to current use.

When a rollback occurs the sales price or market value whichever is higher will be used to calculate the additional taxes due. The assessed value will then be calculated using the class 3 assessment ratio of 10%, not the 20% class 2 assessment ratio.

Additional taxes resulting from a rollback are charged against the owner of record of the property on the October 1 following the date of conversion. So the person that actually caused the conversion and rollback may not be the person that pays the additional taxes on the rollback if the property changed ownership between the conversion and the lien date of October 1.

Photographs and surveys, or verification of use from the county farm agent or the United States Soil Conservation Service. Upon approval of the application for current use valuation the assessing official determines which soil group the real property belongs in according to the agricultural productivity rating and applies the established current use value per acre on rowcrop land, pasturelands, and forest lands as established by the Department of Revenue.

If the county assessing official denies the application for current use valuation, then the owner of the property has the right to appeal to circuit court the same as appeals from actions of the board of equalization or the assessing officials. Once the assessing official approves the application for current use value and notifies the property owner, then the property owner has 30 days to submit additional information to the assessing official if he disagrees with the value. The county board of equalization may hear any properly filed objection and determine if the standard current use value was properly applied.